
OLR Bill Analysis

sHB 6396

AN ACT CONCERNING FUNDING FOR TOURISM.

SUMMARY:

This bill diverts increases in sales tax revenue from specified tourism-related businesses to fund the Connecticut Commission on Culture and Tourism's (CCCT) statewide tourism marketing program. It does so by establishing FY 11 as the base year and, if sales tax revenue from the specified businesses in subsequent fiscal years exceeds FY 11 revenue by more than 3%, requires the revenue services commissioner to transfer up to \$3 million of the revenue to the General Fund's nonlapsing statewide tourism marketing account.

EFFECTIVE DATE: July 1, 2011

TOURISM-RELATED BUSINESSES

The bill identifies the types of businesses from which the revenue services commissioner must segregate sales tax revenue based on the Standard Industrial Classification (SIC) code (which has been replaced by the North American Industrial Classification System). The code groups businesses into categories and assigns a number to each. The categories of businesses are:

1. eating places only (SIC 5811);
2. eating and drinking places (SIC 5812);
3. drinking places – alcoholic beverages (SIC 5813);
4. hotels, motels, and tourist courts (SIC 7010);
5. rooming and boarding houses (SIC 7020);
6. camps and trailer parks (SIC 7030);

7. trailering parks and campsites (SIC 7033);
8. organization hotels and lodging houses (SIC 7041);
9. producers, orchestras, and entertainers (SIC 7920);
10. commercial sports (SIC 7940);
11. miscellaneous amusement and recreation (SIC 7990);
12. boat and canoe rentals (SIC 7991);
13. public golf courses and swimming pools (SIC 7992);
14. amusement parks (SIC 7996);
15. tourist attractions (SIC 7998);
16. amusements not elsewhere classified (SIC 7999); and
17. botanical and zoological gardens (SIC 8420).

BACKGROUND

Business Classification Codes

SIC is a system for classifying businesses developed during the 1930s. It initially consisted of separate codes for manufacturers and other types of businesses and was periodically revised to reflect changes in the way goods were made and services delivered. But despite the revisions, users and analysts criticized SIC as outmoded and out of sync with the economy.

The North American Industrial Classification System (NAICS), developed pursuant to the North American Free Trade Agreement, groups businesses that use the same or similar processes to make goods or deliver services. Consequently, NAICS reflects the greater role service businesses play in the economy.

Related Bills

sHB 6396 establishes an identical, but temporary, mechanism to fund the regional tourism marketing matching grant program it

creates. The Commerce Committee reported the bill favorably to the floor on March 8.

sHB 1002 transfers CCCT's duties and powers to the Department of Economic and Community Development (DECD). In doing so, it changes the commission into a committee advising the DECD commissioner. The Commerce Committee reported the bill favorably to the floor on March 17.

COMMITTEE ACTION

Commerce Committee

Joint Favorable Substitute

Yea 17 Nay 0 (03/08/2011)